



# FINAL REPORT

## Medicaid Program Drug Product Selection Study Committee

February 2009

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### MEMBERS

Senator Becky Schmitz,  
Co-chairperson  
Senator Keith Kreiman  
Senator James Seymour

Representative Andrew Wenthe,  
Co-chairperson  
Representative Lisa Heddens  
Representative Linda Upmeyer

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Legislative Services Agency  
Division

### AUTHORIZATION AND APPOINTMENT

The Medicaid Program Drug Product Selection Study Committee was authorized by the Legislative Council to "convene public and private stakeholders to review current law for drug product selection under the Medicaid program."



## Medicaid Program Drug Product Selection Study Committee

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### I. Committee Proceedings

The Committee was authorized to conduct one meeting during the 2008 legislative interim. The Committee met on Wednesday, November 19, 2008, in room 116 of the State Capitol.

### II. November 19, 2008, Meeting

**Overview.** The Committee received testimony from various persons involved with drug product selection under the Medicaid program. The testimony addressed the current system and recommendations for improvement.

**Iowa Department of Human Services (DHS).** Dr. Timothy Clifford, Iowa Medicaid Enterprise, discussed the Medicaid prescription drug program including the preferred drug list (PDL), prior authorization, rebates, cost drivers and cost controllers, the various categories of drugs, and specifically the most recent review of mental health drugs to be included on the PDL. Iowa implemented the PDL in 2005 to identify drugs which are good first choices for the majority of individuals and to select the most economical drugs identified for inclusion on the PDL as preferred drugs. Nonpreferred drugs are subject to prior authorization prior to dispensing. The PDL constantly changes with the availability of new drugs and generic drugs but must contain costs.

**Iowa Psychiatric Society.** Dr. Kevin Took, child and adolescent psychiatrist, discussed the need for practicing psychiatrists who serve Medicaid recipients to have input in the development of the PDL and in drug utilization review.

**National Alliance for the Mentally Ill-Iowa (NAMI-Iowa).** Ms. Margaret Stout, Executive Director, NAMI-Iowa, discussed the need for oversight regarding the PDL, the potential for cost shifting to other disciplines if individuals are not provided appropriate prescription drug therapies, and the need for simple appeals and exception-to-policy processes.

**Iowa Pharmacy Association.** Mr. Thomas Temple, Executive Vice President and CEO, Iowa Pharmacy Association, discussed the drug product selection law in Iowa in general and concerns with the Medicaid PDL, including placing brand name drugs on the PDL when a generic equivalent is available, transparency in the process, the consolidation of the responsibilities for the PDL under one vendor, and the need to expand medication therapy management.

**Iowa Medical Society (IMS).** Ms. Karla Fultz McHenry, Vice President of Public Policy and Advocacy, Iowa Medical Society, discussed concerns regarding the PDL from an historical perspective, current issues including wait times for prior authorizations and the placement of mental health drugs on the PDL, and guiding principles for a PDL including that cost containment cannot be the driving factor in determining the drugs placed on the PDL. Ms. McHenry recommended the need for greater transparency in the process, adequate education of stakeholders, and better communication.

**Diabetes Drugs Discussion.** Mr. Russ Sobotta, R.Ph and Senior Manager for State Government Affairs, Sanofi-Aventis, discussed the impact on individuals with diabetes of restricting the choice of insulin under the Medicaid program. He noted that the restrictions on long-acting insulins were recently lifted and urged an holistic approach to disease management.



**Pharmaceutical Research and Manufacturers of America (PhRMA).** Mr. Khalil Nuri, PhRMA, provided a list of recommendations to consider relative to the Medicaid drug program, and suggested that a state-specific study may provide responses to issues involved in maintaining the program in order to focus on patient health and appropriate access to medications.

**Iowa Nurses Association.** Ms. Linda Goeldner, CHE, CAE, spoke on behalf of psychiatric nurses and advanced nurse practitioners regarding the need for flexibility in the choice of medications for Medicaid recipients and the potential for increased costs due to hospital stays or destabilization of patients when changes in medication occur due to restrictions in the Medicaid drug program.

**Iowa Retail Federation.** Ms. Nicole Valentine, Regional Director, State Government Affairs, National Association of Chain Drug Stores (NACDS), discussed the drug product selection process from the perspective of chain drug stores that are members of the NACDS in Iowa including Walgreens, Hy-Vee, Dahl's, Medicine Shoppe, and Target. The NACDS also provided materials regarding generic substitution of epilepsy and immunosuppressant medications.

**Final Report.** The Study Committee directed that information provided during the meeting and responses to data requests be compiled in a final report to be presented to the Standing Committees on Human Resources of the Senate and House of Representatives and to the Joint Appropriations Subcommittee on Health and Human Services.

### III. Committee Recommendations

The Committee recommended that the final report, including all materials distributed, the meeting minutes, and materials submitted subsequent to the meeting in response to inquiries by the Committee during the meeting, be compiled and forwarded to the Standing Committees on Human Resources of the Senate and House of Representatives and to the Joint Appropriations Subcommittee on Health and Human Services for further review and action.

### IV. Materials Filed With the Legislative Services Agency Division

The following materials listed were distributed at or in connection with the Committee's meeting and are on file with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Committee's Internet webpage:

[http://www.legis.state.ia.us/scripts/docmgr/docmgr\\_comdocs.dll/showtypeinterim?id=true&type=ih&com=242](http://www.legis.state.ia.us/scripts/docmgr/docmgr_comdocs.dll/showtypeinterim?id=true&type=ih&com=242)

1. "Iowa Medicaid Pharmacy Program" — Dr. Clifford, M.D., IME Pharmacy.
2. Iowa Psychiatric Society: "Mental Health Medications on the Preferred Drug List".
3. NAMI-Iowa — Iowa's Voice on Mental Illness dated November 19, 2008.
4. Iowa Pharmacy Association presentation.



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5. "Best Practices for a Sound PDL", by Ms. McHenry, Iowa Medical Society, November 13, 2008.
6. "Competing Policies: Economic Impact of Diabetes on Iowa and Iowa Medicaid Activities" — from Mr. Sobotta, Senior Manager for State Government Affairs, Sanofi-Aventis, November 13, 2008.
7. "Protecting Medicaid Patient Access to Prescription Drugs, Mr. Khalil Nuri, PhRMA, submitted November 25, 2008.
8. Statement to the Medicaid Program Drug Product Selection Study Committee dated November 19, 2008 — Iowa Nurses Association.
9. National Association of Chain Drug Stores (NACDS) handout — from Ms. Valentine, Regional Director, State Government Affairs, NACDS.
10. "Use of Atypical Antipsychotic Drugs For Schizophrenia In Maine Medicaid Following A Policy Change" — Mr. Stephen Soumerai, et al., Health Affairs, April 1, 2008, distributed November 19, 2008.
11. Iowa Medicaid Pharmaceutical and Therapeutics (P&T) Committee Meeting, November 13, 2008, Final Agenda, distributed November 19, 2008.
12. Iowa Pharmacy Association Recommendations submitted November 20, 2008.
13. DHS Response to Iowa Pharmacy Association recommendations submitted December 19, 2008.
14. DHS response to computer inquiries submitted December 19, 2008.